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On Tuesday, Congress Raises Curtain on Iran-Contra Affair



By Dan Morgan and Walter Pincus
Washington Post Staff Writers

When Sen. Daniel K. Inouye (D-Hawaii) pounds his gavel in the historic Senate Caucus Room Tuesday morning to open what could be the most significant three months of televised congressional hearings since Watergate, a new test will begin for President Reagan, his administration and Congress, too.

As in the Watergate hearings 14 years ago involving the Nixon administration, the most publicized questions center on the president's knowledge and his actions. Did Reagan know about the diversion of funds from the secret sales of arms to Iran to aid the Nicaraguan contras? And did he know about White House coordination of possibly illegal military aid to those Nicaraguan rebel groups after Congress prohibited such assistance in 1984?

The stakes for the president are enormous. Wounded by the loss of the Republican Senate majority in the 1986 elections, his political standing could collapse if it turns out, after his many denials, that he knew of or approved illegal actions by his aides. On the other hand, his administration could be revived if the congressional hearings only repeat what already is known.

Congress also is on trial. For four months, the House and Senate select committees on the Iran-contra scandal have been investigating the affair, which, unlike Watergate, involves the nation's key national security institutions and some of the most sensitive foreign policy operations.

Revelations already have affected relations with important allies, such as Israel, broken a trust between Congress and the president, and suggested misuse of the National Security Council, the Central Intelligence Agency and the Federal Bureau of Investigation.

Senior administration officials misled Congress about White House support for the contras, Chairman Lee H. Hamilton (D-Ind.) of the House select committee said last week. And the president did not inform Congress for nine months of his authorization of secret arms sales to Iran.

Therefore, some congressional investigators have said, it now falls to them to examine questions less obvious than where the money went—less obvious, but perhaps more profound in what they reveal about the Reagan government.

Was what happened just a matter of bad judgment, sloppiness and bad communication? Or did the president and a few trusted advisers operate in a calculated manner outside the law and their own regulations to carry out policies that circumvented Congress and critics with the administration?

And, once the arms sales to Iran became public, did the president or his aides attempt to cover up their past activities?

How the committees handle the first two witnesses could set the tone for much of what follows, investigators said.

Committee investigators want their surprise first witness, retired Air Force major general Richard V. Secord, to describe for the first time the infrastructure of the clandestine private network that carried arms to the contras during the two years in which direct U.S. government military aid was prohibited by Congress.

They also expect him to provide new details on the sale of U.S. arms to Iran, including how the money was handled.

Secord, however, may have a different agenda, according to an informed source. He may insist that he acted as a private businessman who was convinced that both the contra and Iran operations were privately run commercial ventures that did not use U.S. government funds.

Secord may claim that "the weapons component of the [Iranian] arms deal was handled as a commercial transaction, not government to government," the source said.

That is not how congressional investigators see it. Privately, they argue that Secord was only the facilitator of White House-directed programs in Nicaragua and Iran. The selling of U.S. arms to Iran, committee sources have said, was a government-to-government program in which the funds generated were the U.S. government's.

Former national security adviser Robert C. McFarlane, who is to address policy issues after Secord has provided the initial chronology, has appeared before several congressional committees and the Tower commission and at times has given differing versions of the same event.

On Oct. 7, 1985, McFarlane wrote Hamilton, "There is no official or unofficial relationship with any member of the NSC staff regarding fund-raising for the Nicaraguan democratic opposition." But it was revealed last week in court that less than a month before McFarlane wrote that letter, Lt. Col. Oliver L. North, then on the National Security Council staff, and fundraiser Carl R. (Spitz) Channell met in Dallas with three potential contributors to a foundation that raised money to help the contras who are fighting the government of Nicaragua.

As the House-Senate hearings progress in June and July, the committee will be further challenged when former national security adviser John M. Poindexter and North, who was fired from the NSC staff last November, testify. A third individual who investigators believe could have firsthand knowledge of these events and par-

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ticularly the president's role—former Central Intelligence Agency director William J. Casey—is reportedly too ill to appear.

Evolution of a Scandal

The Iran-contra affair surrounded the Reagan administration gradually.

It began to surface with the shooting down of a C123K cargo plane delivering arms over Nicaragua last Oct. 5 and the capture of one of the Americans on board. The White House distanced itself from this "private" operation.

The affair took a new turn Nov. 3, when Al Shirra, a small Beirut weekly, disclosed that there had been a secret delivery of U.S. arms as part of a clandestine visit to Tehran by McFarlane. Reagan said the report had "no foundation."

It finally burst into a full-fledged scandal Nov. 25, when the president announced the resignation of Poindexter, McFarlane's successor as national security adviser, and the firing of North from the NSC staff, and Attorney General Edwin Meese III disclosed that funds had been diverted from the sale of U.S. arms to Iran to aid the contras.

Since then there have been congressional hearings by four committees, a report by the Senate Select Committee on Intelligence, a more detailed report by a presidential commission headed by former senator John G. Tower (R-Tex.), two General Accounting Office studies, a continuing investigation by independent counsel Lawrence E. Walsh that has already produced one guilty plea, and four months of inquiry by House and Senate investigators setting the stage for the public hearings that will begin Tuesday.

Many government officials and legislators have said that most of the significant facts about the Iran-contra affair have been disclosed and that all that remains is to trace the money, decide who broke the law and make a final determination of what the president knew.

But the guilty plea last week of fundraiser Channell suggests that may not be the case.

Channell named North and public relations man Richard R. Miller as coconspirators. Walsh's bill of particulars alluded to other coconspirators "unknown" to him. Among Miller's employees is David Fischer, a former special assistant to then-White House chief of staff Donald T. Regan, who arranged White House meetings with the president for Channell and his donors, according to White House sources.

Driving the investigation is a built-in competition among investigators.

The Senate and House select committees eliminated the potential for friction by deciding to work together. Most witnesses have been interviewed by House and Senate staff members together and the forthcoming joint hearings will alternate between the two chambers.

However, competitive tensions do exist between Walsh, charged with investigating possible criminal misconduct, and the congressional committees, which are mandated to disclose as much as possible to the public and recommend changes in policy or law if needed.

But Congress is in a special position because its past failure to exercise vigorous oversight means it shares some responsibility for what happened.

In the coming weeks, the investigators will attempt to show just how much was going on without congressional or public knowledge.

Members of a secret interagency group on counterterrorism policy, cochaired by North, knew about the Iran arms-for-hostages operation activities but could not get their bosses to try to persuade the president to call a halt to the deal.

Their bosses included Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger and FBI Director William H. Webster, all of whom publicly were promoting the administration's declared policy of inveterate opposition to any negotiations for hostages or any arms sales to Iran.

Secret Communications Devices

Several witnesses also are expected to testify that North used a separate, operational counterterrorism unit set up at the NSC in 1986 as cover for possibly unauthorized coordination of contra military resupply operations.

The Tower commission reported that North obtained 15 special communications devices from the top-secret National Security Agency and distributed the highly classified devices to a few members of the secret group helping the contras.

Investigators also want to pursue questions about North's relationship with then-CIA Director Casey and certain of Casey's close lieutenants, such as Ben B. Wickham Jr., who told associates in 1985 that he was resigning to raise money for the private network that was helping the contras. His whereabouts since then are not known.

The investigators, working with carefully prepared witnesses in a unique hearing format, have indicated that they want to stay close to their script. But Congress

seldom follows a script, and whether the hearings will once the stories start pouring out is an open question.

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3.

THE COMMITTEES

Sen. Daniel K. Inouye (D-Hawaii)
Chairman, Senate Select Committee

Elected to the Senate in 1962, he gained national prominence in 1973 as member of the Senate committee investigating Watergate. In 1976, he became the first chairman of the Senate Select Committee on Intelligence.

In 1981, he attempted to persuade his Senate colleagues not to expel Sen. Harrison A. Williams Jr. (D-N.J.) because of his involvement in the Abscam scandal. Williams was expelled anyway, but colleagues said Inouye's willingness to take on a thankless and unpopular cause was an example of his character and consistency.

As chairman of the Iran-contra inquiry he has stressed bipartisanship and discipline. Inouye has warned that leakers will be dealt with harshly. And he has set up a unique format for the hearings that will balance Democrats and Republicans in every phase of the questioning.



Sen. Warren B. Rudman (R-N.H.)
Vice chairman, Senate Select Committee

A former prosecuting attorney in his home state, Rudman first won election to the Senate in 1980, and was easily reelected last year.

He became almost a household name because of his cosponsorship of the Gramm-Rudman-Hollings law that mandated annual steps to reduce the budget deficit.

An alter ego for the more reserved, serious Inouye, Rudman has been outspoken in his criticism of the White House in the Iran-contra matter and of the slow pace of the independent counsel in his criminal investigation.



Rep. Lee H. Hamilton (D-Ind.)
Chairman, House Select Committee

An 11-term Democrat, he was selected to chair the Iran-contra investigation because of his reputation and long service in the House.

Has served as chairman of the House Foreign Affairs subcommittee on Europe and the Middle East, which has oversight of Iranian issues. Just completed a two-year term as chairman of the House Permanent Select Committee on Intelligence, which monitored the Reagan administration's adherence to legislation barring military assistance to the contras.



Rep. Dick Cheney (R-Wyo.)
Vice Chairman, House Select Committee

Was elected to the House in November 1978, two years after leaving the White House, where he was chief of staff during the final years of the Ford administration. With his executive branch background, is more of an issues spokesman than a legislator on Capitol Hill, and as such chairs the House Republican Policy Committee.

A member of the House Intelligence Committee, he has been a firm supporter of the administration in its Central America policy and worked on Capitol Hill to restore military aid to the contras after the 1984 cutoff.



Arthur L. Liman
Chief Counsel, Senate Select Committee

One of the top litigators in the nation, Liman's private clients have included corporate raider Carl C. Icahn, fugitive financier Robert L. Vesco, and (more recently) Dennis Levine, whose Wall Street activities led to his indictment for insider trading.

Weeks ago, Liman promised he would get Swiss bank records when that seemed all but impossible. He did. He has a reputation for thoroughness. The hearings will show whether his investigation ranged widely enough.



John W. Nields Jr.
Chief Counsel, House Select Committee

Served as chief counsel to the House ethics committee for its investigation of South Korean influence-buying. Later became the special prosecutor in the Carter administration's prosecution of two former high-ranking FBI officials. Reagan later pardoned the two officials, a step Nields criticized.

HEARINGS SCHEDULE

The Senate and House select committees on the Iran-contra affair will meet for the first time in public session on Tuesday.

TV coverage: Cable News Network is the only network that plans gavel-to-gavel coverage. ABC, CBS, NBC plan to break into regular programming whenever they deem necessary to report significant events or to carry the live testimony of important witnesses.

Where: Hearings will alternate, on a weekly basis, between a Senate meeting room and a House meeting room, beginning the first week in the Senate.

When: The committee will meet generally from 10 a.m. to noon and from 2 p.m. to 5 p.m. for the first phase of the hearings, which will focus on the contras, scheduled to last until early June. The committees have released the following schedule for the first two weeks:

Week 1: May 5, 6, 7, 8. Senate Caucus Room.

Week 2: May 11, 12, 13, 14. House Judiciary Committee, 2141 Rayburn House Office Building.

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THE ADMINISTRATION

**President Reagan**

Approved Israeli shipment of U.S. arms to Iran in 1985. Authorized U.S. arms sales to Iran in January 1986. Argued that shipments to Iran should continue, despite grave misgivings of his senior advisers in late 1985.

Approved the mission to Tehran in May 1986, led by former national security adviser Robert C. McFarlane, in an unsuccessful attempt to swap arms for U.S. hostages held by pro-Iranian extremists in Lebanon. Has consistently said he knew nothing about the diversion of money from the Iran sales to the Nicaraguan contras.

Will not be a witness. Two paramount issues throughout the hearings will be whether the president was informed of the diversion of funds and whether he was aware that White House aides were supervising a secret war in Nicaragua, contrary to congressional edicts.

**Donald T. Regan**
White House chief of staff, 1985-87

Participated in key 1985-86 meetings on the Iran arms initiative and managed White House response after the deal became public last November.

If he is a witness, he will be questioned on his earlier sworn testimony that Reagan did not give prior approval for the transfer of arms to Iran by Israel in September 1985.

**Vice President Bush**

Sat in on many meetings associated with the Iran arms sales and, although he supported the initiative, has said he raised some doubts about it. Bush also has been a vocal supporter of the contra program.

Unlikely to testify.

Donald P. Gregg
Assistant to the Vice President for National Security Affairs

A former CIA employee who had close ties not only to agency personnel involved in the contra program but also to Lt. Col. North.

Expected to be asked about his relationship with Felix Rodriguez, a former CIA operative involved in the contra resupply operation who called Gregg immediately after the C123K air transport carrying Eugene Hasenfus was shot down over Nicaragua last Oct. 5.

**Peter J. Wallison**
Former White House counsel

Learned of the Iran arms deal after it became public and was assigned by Reagan to conduct initial White House inquiry.

To be asked about preparation of Reagan for his controversial news conferences and appearances before the Tower review board. Questions likely to focus on the president's changed testimony about what he remembered about granting original authority for Israeli shipments to Iran.

**George P. Shultz**
Secretary of State

Firm supporter of the contra operation who agreed to have his deputies solicit \$10 million in funds for Nicaraguan contras from the sultan of Brunei. Did not follow up on how money was used after deposit in Swiss bank account.

Twice opposed arms sales to Iran at White House meetings but did not pursue matter privately with Reagan. Criticized by Tower board for not pressing harder to have operation reviewed and terminated.

Expected to be questioned about Brunei funds and repeated failure to raise questions about Iran arms program with Reagan.

Elliott Abrams
Assistant Secretary of State for Inter-American Affairs

Served as the State Department's point man on managing the contra program since July 1985, working closely with Lt. Col. Oliver L. North of the National Security Council.

To be questioned about his knowledge of North's private network and his role in soliciting \$10 million from the sultan of Brunei on behalf of the contras.

Lewis Tambs
Former U.S. ambassador to Costa Rica

Told the Tower special review board that, on assuming his ambassadorship in July 1985, he received instructions to help the contras set up a "southern front" from an interagency group that included Abrams and North. Twice asked the Costa Rican government to allow a private contra resupply operation to use a Costa Rican airport near the Nicaraguan border, according to sources.

Not expected to testify.

**Edwin Meese III**
Attorney General

Sat in on White House discussions of presidential intelligence authorization for arms sales to Iran; provided opinions that the operation was legal and that Congress did not have to be informed. At the request of Poindexter, had the FBI and Customs Service delay inquiries into Southern Air Transport Inc., which were part of investigations into the contra resupply system.

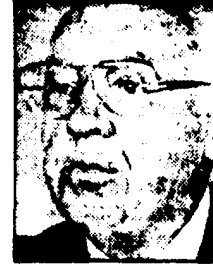
Later, in advance of congressional hearings into the Iran operation, Meese began inquiry to determine what had happened. During that inquiry, Meese's staff uncovered memo at the White House describing plan to divert funds to the contras from sales to Iran. He subsequently questioned North on the matter.

Expected to be questioned about his intervention in the FBI contra inquiry and why he did not bring the FBI in earlier on his own investigation.

**William H. Webster**
Director, Federal Bureau of Investigation

At the request of Attorney General Edwin Meese III, Webster ordered a delay in an FBI investigation of Southern Air Transport's role in the contra resupply operation. Meese told Webster that the investigation could endanger "some sensitive hostage negotiations now under way."

Unlikely to be called as a witness.

**William J. Casey**
Director of central intelligence, 1981-87

Introduced a new activism in CIA covert activities to support the Reagan doctrine of aiding anticommunist forces in the Third World. Encouraged development and arming of the Nicaraguan rebels to oppose the Sandinista regime. CIA mining of Nicaragua's harbors, however, led to a congressional cutoff of U.S. military assistance and the beginning of a White House-supported private network supplying the contras.

Casey also permitted his agency to become involved in the Iran arms initiative, after recognizing the president's obsession with freeing U.S. hostages. Shortly before the first public disclosures last November, Casey was informed by a former business associate and CIA officials that individuals financing the arms sales believed they had been cheated and might make the issue public.

He was accused by members of Congress of misleading them on details of the Iran-contra affair and hiding his knowledge that funds may have been diverted. Removal of a cancerous brain tumor in December and subsequent hospitalization for complications makes it almost certain he will not be able to testify.

Tomas Castillo (pseudonym)
Former CIA station chief in Costa Rica

Assisted North in supervising arms drops to the contras at a time when Congress had banned any CIA role in providing military aid to the contras. Was reprimanded after the Iran-contra affair became public.

Not expected to testify.

**Robert M. Gates**
Acting CIA Director

Served under Casey last year during the Iran operation and received the first indication from a CIA analyst that funds may have been diverted from the arms sales to the contras. With Casey, he took this information to the White House but did not pursue it. Directed the preparation of Casey's first testimony on Capitol Hill, which was considered incomplete.

Not expected to testify.

Duane Clarridge
CIA official

Helped organize the contras in 1981 and supervised their activities through 1984. Was forced out of the contra operation after Congress reacted to the mining of Nicaraguan harbors. In December 1985, at the request of the White House, he arranged CIA assistance for Israeli shipment of Hawk anti-aircraft missiles to Iran. Later, worked with North on the secret NSC counterterrorism panel.

If he appears as a witness, will be questioned about the contra operation and his assistance to the Israeli arms shipment without required authorization.

Stanley Sporkin
Former CIA general counsel

Drafted the belated Iran "finding" of January 1986, which included a provision that the CIA not inform Congress as required. The finding gave the CIA retroactive legal authority to assist the NSC in the Iran arms-for-hostages deals. Has since become a federal judge.

If he testifies, Sporkin would be asked about legal advice he gave on Iran and on the contras.

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THE NATIONAL SECURITY COUNCIL

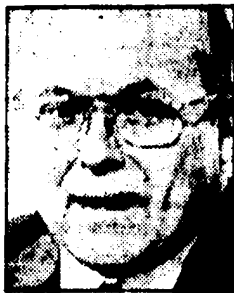


Robert C. McFarlane
National security
adviser, 1983-85

Central figure in the Iran arms sales and U.S. assistance to the contras. Continued to provide guidance for both operations after he left the White House in December 1985, and made a secret trip to Tehran in May 1986 to exchange arms for hostages.

Received reports during 1985 from Lt. Col. Oliver L. North of the National Security Council staff on the supply of arms to the contras, according to the Tower report, but reassured Congress that year that North was not violating laws prohibiting U.S. government from supplying weapons. After the Iran arms operation was publicized, McFarlane initially tried to limit disclosure of Reagan's involvement, then testified before Congress giving additional details on the president's role.

Will be questioned on details of contra operation, including alleged contribution from Saudi Arabians. Will also be asked for further explanation of how the Iran operations began and continued.



Rear Adm. John M. Poindexter
National security
adviser, 1985-86

Assumed management of both the contra and Iran arms operations after succeeding McFarlane in December 1985. Came to the NSC staff originally in 1981 as military adviser and became McFarlane's deputy, handling coordination of covert operations and serving as the note-taker in meetings with the president.

Took over management of the Iran arms initiative after McFarlane resigned and assigned prime responsibility to North, who chaired the NSC's counterterrorism panel. Kept Secretary of State George P. Shultz out of final drafting of intelligence finding that authorized arms sales to Iran.

Was aware of the diversion of funds from the arms sales to the contras. When McFarlane's trip was publicly disclosed last November, tried to keep Iran arms program secret in hopes of getting other hostages freed.

To be questioned under a granted of limited immunity about whether the president knew of fund diversions, and how much direction Reagan gave in the Iran and contra operations.



Oliver L. North
Lieutenant Colonel, U.S.
Marine Corps

His title for most of his more than four years on the National Security Council staff hardly suggested power: "deputy director, political-military affairs." But he eventually became the point man at the NSC for the contra war in Nicaragua and counterterrorism initiatives.

As early as September 1984, North was gearing up to help the contras ride out the loss of direct U.S. military aid, which became effective Oct. 1, 1984. His involvement in private fund-raising and operational support for the contras deepened steadily at the same time that he was intimately involved in planning the Iran arms sales. The committees have extensive documentation of North's effort, which will be used to question him.

As yet, he has not received immunity, although the committees plan to vote on the issue in June. Under a deal worked out with the independent counsel, who was seeking as much time as possible to develop his investigation, North will not testify in public before June 23.



Michael A. Ledeen
National Security Council
consultant

Key liaison between the NSC staff and the Israelis in early 1985. Met

Minister Shimon Peres in May 1985, and reported back to McFarlane on Israel's interest in selling arms to Iran as a way of improving relations. Later became a contact with the arms merchants who set up the arms-for-hostages deal with Iran.

Likely to testify. To be asked about his role in establishing the initial U.S.-Israeli contacts with Iran.

Robert L. Earl
Lieutenant Colonel, U.S.
Marine Corps.

A veteran of Marine intelligence, he joined North's counterterrorism unit at the National Security Council in early 1986. Previously he worked for Vice President Bush's Task Force on Combating Terrorism.

Expected to testify about grant of limited immunity. May have the most detailed knowledge of anyone at the NSC about North's activities in 1986, especially North's possible use of the counterterrorism unit as a "cover" for Iran-contra operations.



Fawn Hall
Secretary

As Oliver North's secretary at the National Security Council, she assisted in the shredding of key documents on the night of Nov. 21, 1986, the day before North was questioned about the alleged diversion of funds to the contras.

She has received limited immunity to testify about the shredding. May be questioned about North's communications with the president.

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6

THE CONTRA SIDE



Arturo Cruz
Former contra leader

Resigned from the contras' chief umbrella organization, United Nicaraguan Opposition (UNO) after the scandal broke, saying Calero and his supporters refused to share control over finances and other matters. His involvement in the contra leadership was seen as crucial to gaining support from congressmen who distrusted the more conservative Calero. Received a \$7,000 monthly stipend last year, which North arranged.

Robert Owen
Conservative activist

Acted as an emissary for North in establishing a private aid network for the contras, particularly in developing a second front along the Nicaraguan-Costa Rican border.

Expected to be questioned on how North secretly directed the contra program.

Richard R. Miller

Public relations executive

Directed a company, International Business Communications (IBC), that was hired by conservative fund-raiser Carl R. (Spitz) Channell's foundation to work on Central American issues. Through IBC, \$1.7 million in tax-deductible contributions were funneled to a Swiss bank account used to buy military equipment for the contras.

If he testifies, he will be asked about his dealings with North and the White House, which assisted Channell's fund-raising efforts.



John K. Singlaub
Former Army major general

Played a prominent public role in raising money for the contras. Arranged a \$5 million arms deal for the contras in 1985. Met frequently with North and CIA Director William J. Casey.

To be questioned on his contacts with North and Casey and what kind of direction, if any, he received from them.



Adolfo Calero
Contra leader

Civilian head of the contras' largest military unit, the Nicaraguan Democratic Force (FDN). One of three main contra leaders. Oversaw the contras' financial network and arms purchases during the two-year ban on U.S. aid.

To be questioned on the contras' finances, his repeated claims that the rebels received no diverted funds and his contacts with White House officials.

Alfonso Robelo
Contra leader

Played a key role by developing, along with Arturo Cruz, a moderate faction within the contra leadership. Received \$100,000, in a series of payments arranged by North, to use in political activities in Central America.

Not expected to testify.

THE IRAN SIDE



Adnan Khashoggi
Saudi Arabian financier and arms dealer

Became involved in Iran arms deals with Iran following May 1985 introduction to Iranian middleman Manucher Ghorbanifar. Says he put up and lost millions of dollars in the arms-for-hostage deals that followed. Says he had been hoping to improve relations between the United States and Iran and ultimately his own business interests as well.

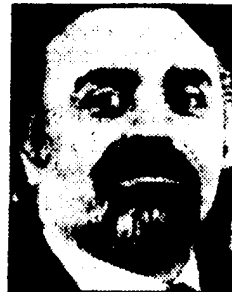
Unlikely to be called as a witness.

Shimon Peres

Prime minister and later foreign minister of Israel

Met with Michael Ledeen in May 1985 in the first known U.S.-Israeli contact on Iran preceding the arms deal. Referred Ledeen to several associates who became involved in brokering two arms shipments to Iran in August and November 1985.

Not expected to testify.



Manucher Ghorbanifar
Iranian middleman

Main contact between Iranian and U.S. officials. He and Saudi businessman Adnan Khashoggi arranged financing for several of the arms deals. Continued to serve as main U.S. contact even after failing a polygraph test.

Not expected to testify. Investigators have interviewed him at length in Europe about his middleman role.

David Klinche

Israeli foreign ministry official

Close contact in mid-1985 with national security adviser Robert McFarlane. Recommended the use of Iranian middleman Manucher Ghorbanifar and urged McFarlane to get U.S. approval for the sale of weapons to Iran by Israel in hopes of freeing U.S. hostages in Lebanon.

Not expected to testify.



Amiram Nir
Counterterrorism adviser to Israel's prime minister

Chief contact between the United States and Israel on Iran arms sales in 1986. Briefed Vice President Bush in July about the deals with Iranian radicals. North claims it was Nir's idea to divert profits from the Iran arms sales to the Nicaraguan contras.

Not expected to testify. The Israeli government has prepared a report for the committee on the involvement of its citizens.

Yasov Nimrodi and Al Schwimmer
Israeli arms dealers

Nimrodi served as a defense attache in Iran and Schwimmer is a top Israeli aircraft company official and close friend of former Israeli prime minister Shimon Peres. Both dealt with Iranian middleman Manucher Ghorbanifar in trying to sell arms to Iran as early as 1984. They were key figures in the first two sales of arms to Iran in the fall of 1985, deals in which millions of dollars have not been traced.

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THE NETWORK

Carl R. (Spitz) Channell
Lobbyist, fund-raiser

Worked closely with North in raising money from private contributors, some of whom met with President Reagan. Used a tax-exempt foundation, the National Endowment for the Preservation of Liberty, to collect the money, at least \$2.12 million of which went to bank accounts used by the contras to buy military equipment. Became the first person to be convicted in the Iran-contra scandal, pleading guilty Wednesday to conspiring to defraud the U.S. government by depriving it of tax revenues. If called as a witness, will be asked about White House involvement in his fund-raising activities.



Richard V. Secord
Retired major general,
U.S. Air Force

Acted as North's principal private sector operator in both the contra resupply effort and the U.S.-Iran arms sales. Working with his business partner, Iranian-American businessman Albert A. Hakim, Secord established an extensive private network that helped deliver arms to Iran and arranged for the purchase and transportation of weapons to the contras. A Secord company received \$9.5 million from a contra bank account, part of \$33 million in payments that investigators believe was provided by King Fahd of Saudi Arabia.

He put two associates, **Richard B. Gadd** and **Robert C. Dutton**, in charge of the contra resupply effort that operated from bases in El Salvador and Honduras. They were in charge of hiring and maintaining

air crews, setting up communications, leasing and purchasing planes.

Secord is expected to be the leadoff witness, having agreed to testify voluntarily after previously invoking his constitutional right against self-incrimination. To be questioned about the origins of the private network and possibly the circumstances of the large Saudi payments to the contras in 1984-85.

Both Dutton and Gadd have received limited immunity and are expected to testify.

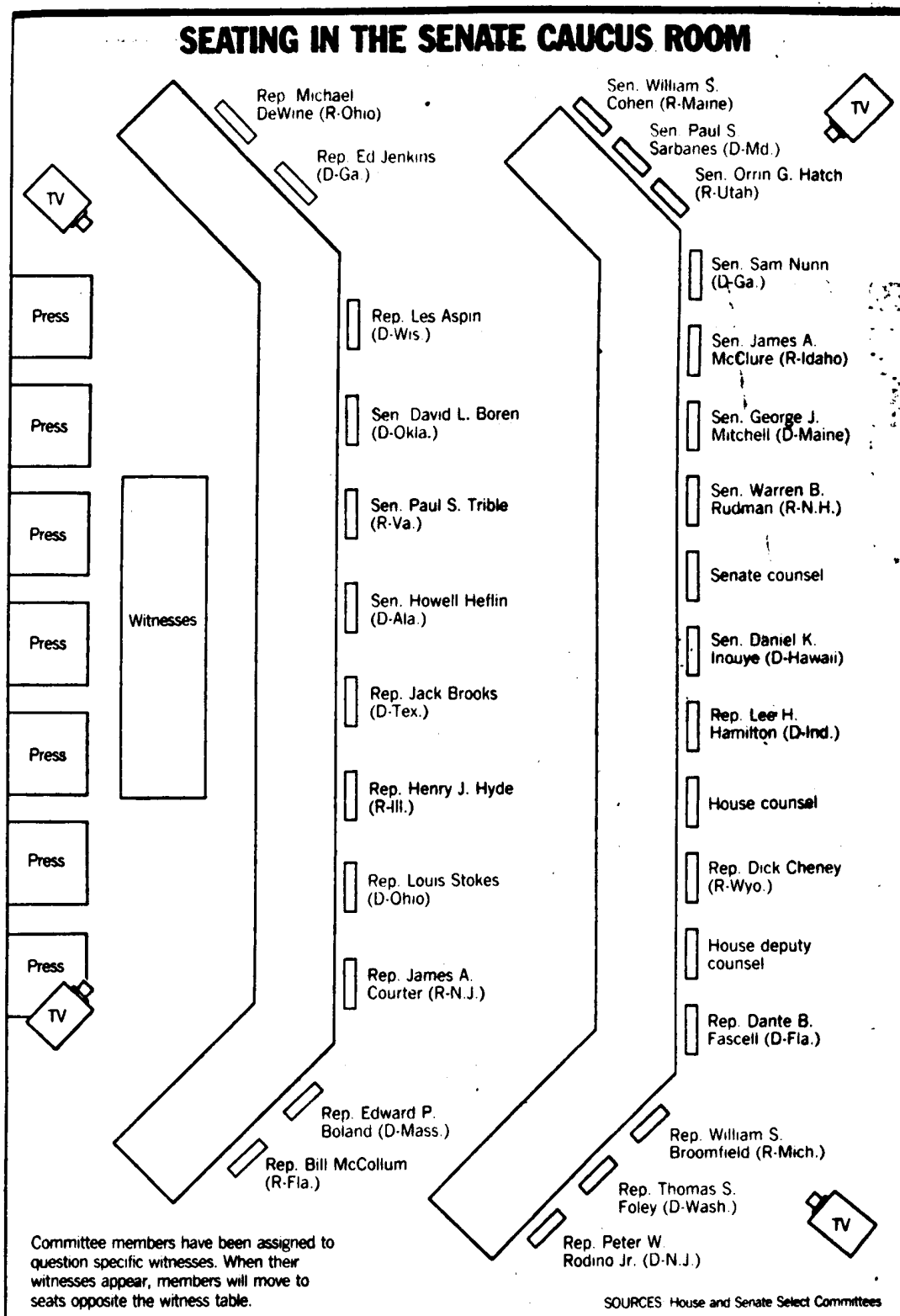
Albert A. Hakim
Financier, deal-maker

The man who knows about the money. As Secord's business partner, he served as financier, interpreter, and negotiator in many phases of the U.S.-Iran arms-for-hostages initiative. He also helped set up, or had access to, key bank accounts in Switzerland from which arms sales funds were diverted to the contras.

Hakim, in Paris, turned over records of Swiss bank accounts to investigators and has received limited immunity. If he testifies, questions are expected to focus on his knowledge of the money trail.

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9.

CHRONOLOGY

Separate foreign policy initiatives eventually became intertwined and led to President Reagan's greatest crisis.

IRAN**1981****March 1981**

Reagan administration decides to back anti-Sandinista rebels, also called contras.

1982**Dec. 8, 1982**

Congress passes first Boland Amendment, prohibiting use of U.S. funds to overthrow the Sandinista government.

1983**Nov. 18, 1983**

Congress limits contra aid to \$24 million.

CONTRA**Nov. 23, 1981**

CIA formally given control over aiding contras.

Jan. 23, 1984

Reagan administration places Iran on a list of countries subject to strict export controls, accusing Iran of supporting international terrorism.

March 16, 1984

William Buckley, CIA station chief in Beirut, is kidnaped and held hostage by Islamic Jihad, pro-Iran Moslem extremists. Efforts to free Buckley become a top priority in the CIA.

Jan. 8, 1985

The Rev. Lawrence M. Jenco is kidnaped in Lebanon, where he was director of Catholic Relief Services, followed within a few months by kidnaping of Terry Anderson, David P. Jacobsen and Thomas Sutherland.

May 8, 1984 The Rev. Benjamin Weir is kidnaped in Beirut.**1984****February 1984**

CIA oversees mining of Nicaraguan harbors, angering Congress when it became public two months later.

1985**January 1985**

Using money from private sources, reportedly Saudi King Fahd, the contras arrange to buy weapons through North associate Richard V. Secord.

Oct. 12, 1984

Congress passes second Boland Amendment, banning direct or indirect U.S. military assistance to the contras.

August-September 1985

Following secret discussions between U.S. and Israeli officials, first two plane loads of Israeli-arranged arms are sent to Iran. National security adviser Robert C. McFarlane tells Israel that the United States will replenish Israeli stocks.

Jan. 17, 1986

Reagan signs a secret intelligence finding authorizing arms shipments to Iran and orders that it be kept secret from Congress. First direct U.S. shipment takes place the following month.

1986**June 12, 1985**

Congress approves \$27 million in humanitarian aid for contras.

January 1986

Secord begins to put together an air resupply operation to drop weapons to the contras.

April 1986

North writes a memo outlining plans to use \$12 million in profits from the Iran arms sales on behalf of the contras—the first clear link between the Iran arms deal and the contras.

May 25, 1986

Former national security adviser Robert McFarlane flies to Tehran with a shipment of spare parts, hoping to negotiate release of hostages. Mission fails.

June 26, 1986

Reversing the Boland Amendment, Congress approves \$100 million in military and humanitarian aid, to begin Oct. 1.

July 26, 1986

Jenco is freed.

Nov. 3, 1986

Al Shirra, a Beirut weekly, published a story about McFarlane's visit to Tehran.

Aug. 3, 1986

Shipment of weapons to Iran.

Oct. 26-29, 1986

Shipment of arms to Iran. Jacobsen is released three days later.

Oct. 5, 1986

C123K cargo plane, part of the resupply operation set up by Secord, is shot down over Nicaragua with cargo of weapons. Two American pilots killed; Eugene Hasenfus captured.

Nov. 25, 1986

Meese discloses diversion of funds. Reagan announces resignation of Poindexter, firing of North.